

ADB to lend \$500m for 800-MW power plant

STAR BUSINESS REPORT

The Asian Development Bank yesterday signed agreements to provide \$500 million in loans to develop a 800-megawatt power plant in Khulna along with associated connections to natural gas and power transmission facilities.

This will be a state-of-the-art power plant using the latest zero-liquid discharge technology, making it the first of its kind in Bangladesh. The total cost of the project is \$1.14 billion, with the Islamic Development Bank contributing \$300 million in co-financing and the government \$338.5 million.

The project is due to be completed by the end of June 2022. The project will provide additional electricity supply to about 300,000 consumers, create new jobs and stimulate business expansion.

To supply gas to the Rupsha power plant, the project will construct 12 kilometres of gas distribution pipelines, and finance construction of a 230-kilovolt switchyard and 29 km of high capacity transmission lines to transfer generated electricity to the national grid.

The project will also help in institutional strengthening of the executing agency, the North-West Power Generation Company Limited, by implementing a modern enterprise resource planning system, and providing training for imple-

mentation and operation of the system.

"This megaproject builds on ADB's strong and sustained presence in the power sector of Bangladesh, and it will use the latest proven combined cycle technology, which offers the highest efficiency to convert gas to electricity," said Manmohan Parkash, country director of ADB.

This environment friendly project will significantly improve energy security and enhance availability of efficient and cleaner energy.

It would also help in institutional strengthening of the executing agency, the North-West Power Generation Company Limited, by implementing a modern enterprise resource planning system, and providing training for implementation and operation of the system.

Grant financing of \$1.5 million will also be provided from ADB's Japan Fund for Poverty Reduction, funded by the Government of Japan, to improve living standards in nearby communities.

Focusing on vulnerable households and women, activities will include increasing awareness on safe and efficient use of electricity, training on livelihood and job opportunities, and providing school laboratory facilities.

Muhammad Alkama Siddiqui, additional secretary of the Economic Relations Division, and Parkash signed the loan agreements at a ceremony in Dhaka.

City Bank's consolidated half-yearly earnings decrease

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City Bank's consolidated earnings per share for January-June 2018 declined to Tk 1.51 against Tk 2.18 for the same period a year ago.

The bank presented its half yearly financial performance for 2018 at the bank's head office recently.

The bank's net operating cash flow per share increased to Tk 12.92 in the January-June 2018 period.

The bank also reported Tk 138.96 crore consolidated after tax profit during the first half of 2018, which was Tk 190.74 crore for the same period of the previous year.

Sohail RK Hussain, managing director and CEO of City Bank, spoke about the bank's current strategic positioning and macro outlook.



Sohail RK Hussain, managing director and CEO of City Bank, speaks at the disclosure of the bank's half yearly financial performance for 2018 at its head office in Dhaka recently.

\$109.85m project to develop rural south

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"In the project area, 39 percent of the people are still living below the poverty line. Food security and undernutrition continue to be major concerns. The average rural household in Bangladesh still gains 71 percent of its calories from rice," Zafar added.

Women are particularly affected by poverty, as they have fewer opportunities for employment.

The main goal of the project is to help smallholder farmers to be more responsive and competitive in producing diverse, high value crops and marketing fresh and processed agricultural products.

Technical training and financial services will be provided and women, youth and disadvantaged households will be specifically targeted.

The project will be co-financed by the government and the private sector, according to the statement.

The agreement for the Smallholder Agricultural Competitiveness Project (SACP) was signed by Gilbert F. Hounbo, president of IFAD, and Sultana Afroz, additional secretary of the Economic Relations Division, in the Italian capital on August 1.

Since 1978, IFAD has financed 33 rural development programmes and projects in Bangladesh, investing \$848.2 million or \$2.13 billion when co-financing is included.

These projects and programmes have benefited almost 11.3 million rural households, said a statement from IFAD.

US Fed leaves rate untouched

AFP, Washington

The Federal Reserve on Wednesday highlighted the strength of the US economy and labor markets, a signal confirming interest rate increases are ahead, even as it held its fire for now.

Financial markets already expect an increase in the benchmark lending rate in September but the Fed's word choices are likely to solidify expectations for a fourth hike in December.

Economists scrutinize every word of the Fed's statements for clues about the next move, so the changes could be significant, especially coming amid low unemployment, hefty monthly job gains and surging growth in the second quarter.

The signal the Fed will continue its gradual rate increases is unlikely to please President Donald Trump, who publicly chastised the central bank last month, saying policy was undercutting his efforts to juice the economy.

The central bank's policy committee said "economic activity has been rising at a strong rate," since the last meeting in June as the job market continues to strengthen.

First Security Islami Bank gets new AMD



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Abdul Aziz has recently been promoted as additional managing director of First Security Islami Bank Ltd.

Prior to the promotion, he was a deputy managing director. He started his banking career at National Bank in 1983.

Aziz obtained his BSc and MSc degrees from the University of Dhaka.



HUM Mehedi Sajjad, head of marketing at Bengal Meat, attends the launch of the company's online sales centre for sacrificial animals, Qurbani Haat, at its head office in Dhaka recently.

New vice chairman for Premier Bank



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Moin Iqbal has recently been elected vice chairman of Premier Bank.

The election took place at a meeting of the bank's board of directors, the bank said in a statement yesterday.

Iqbal is the chairman of Premier Property Development Co Ltd and Bentley Sweater Ltd, managing director of Premier Group and Maxon Ltd and a business graduate from the USA.

40pc bankers dislike working in internal audit: BIBM survey

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They also believe that effective internal audits could help reduce business costs with international corresponding bank as well as documentation lapses of the bank.

A comprehensive evaluation about internal audits and its impact on bank performance has been taken from 389 executives working at the branch level of different banks.

Through discussions with executives of internal audit units, a number of instances have been identified where internal audits played a role in enhancing performance.

It saw that though a strong internal audit may initially lead to a loan portfolio reduction, it could prevent loans from becoming classified and suffering from a shortage of security in the long run.

The survey observed that despite the effective roles played in preventing irregularities, banks were unwilling to invest more to enhance the internal audit system and had little interest in improving skills of the relevant staff.

Respondents also opined that no action was taken by the top management or board for poor audit ratings of branches and departments.

It is expected that banks will establish separate, robust and independent internal control and audit departments aimed at bringing out better results in the mid and long terms, said Razee Hassan.

The deputy governor said an independent internal audit may be considered a third eye of boards and regulators.

He said shareholders may own a part of a bank but they should not be involved in day-to-day operations.

A prudent board of directors may avoid oversight on the business activities through formulating broad-based policies and monitoring compliance status, said Hassan.

Green factories can give garment exporters another edge: BKMEA

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The Bangladesh Bank can expand its Green Transformation Fund to make it more affordable and easier to avail. It can also give special training to its concerned officials on the importance of green industry.

Subsequently, the study recommended the government to formulate policy guidance for green industry development comprising the existing national laws, rules and act related to the environment, water, electricity, energy and global standards.

In order to harness the process of ongoing green industrialisation, the government may allow duty-free import of the requisite green technologies and equipment.

Incentives can also be provided to

factories that import energy efficient machineries or replace the old machineries with modern ones.

Tax benefits or waivers can be provided to attract foreign direct investment in the arena of green technology in the country's proposed 100 special economic zones.

The government may also create an institution to support green industry development.

The 10-month-long study was funded by Agence Française de Développement. The study findings were presented at a meeting at The Daily Star Centre in Dhaka.

Faruque Hossain, assistant joint secretary to the BKMEA, presented the findings at the event where Shubhashish Bose, commerce secretary, was present.

No duty-free edible oil from Bangladesh, Sri Lanka

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He said refined palm oil import from non-Safta countries attracts 59.4 percent duty and the import duty for refined soybean oil is 49.5 percent.

But the same is being imported from Bangladesh and Sri Lanka under the Safta at much cheaper rates, affecting the domestic industry, he added.

Mehta favoured putting the import of edible oils on the negative list of goods under the Safta, saying cheaper imports would affect Indian oilseed farmers.

India allows the duty-free import of edible oil under the Safta on condition that the products are native to the country or get 30 percent value addition.

Single-digit interest rate from Aug 9: Muhith

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The lending rate, except for consumer loans and credit card, will be 9 percent, he said. But for that, it is important that the state agencies keep their funds with private banks, he added.

At present, if they get better rates elsewhere the state agencies withdraw their deposits with further add.

Currently, the private banks' lending rates hover between 10 percent and 16 percent while the deposit rates are below 6 percent. But the rates on fixed deposit schemes for three months to three years range between 5 percent and 10 percent; the rates are above 10 percent in a few banks.

However, the interest rates on all types of deposit schemes at state banks are between 3 percent and 6 percent. Their lending rates vary from 11 percent to 13 percent.

BB Governor Fazle Kabir; Eunusur Rahman, senior secretary of the banking division; Abdur Rouf Talukder, finance secretary, were present. Salman F Rahman, chairman of IFIC Bank, and Nazrul Islam Mazumber, chairman of the Bangladesh Association of Banks, the platform of private bank directors, were also present.



Hafizur Rahman Khan, chairman of Runner Group, hands over a prize to one of the top performing dealers of Bajaj-Runner 3-wheeler products in Bangladesh at "Bajaj-Runner annual dealer partner conference 2018" at Bangabandhu International Conference Centre in Dhaka on July 29.

Solar-powered irrigation improves farming

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So far, IDCOL has approved 1,119 solar irrigation pumps, with 925 of them already operational and the rest under construction. The pumps can supply up to 15 lakh to 20 lakh litres of water daily, which can irrigate 3,300 decimals of land for paddy and 1,815 decimals of land for vegetables each season.

In terms of costs, a farmer can irrigate a bigha of land at Tk 2,500 to Tk 3,000, down by Tk 500 to Tk 1,800 now being spent under existing methods.

"With the solar irrigation pumps in place, we can now irrigate our lands without any hassle and make more profit than before," said Abdul Mazid, a farmer in Rangpur district.

Mazid said earlier they had to wait for days to get diesel for running their pumps for irrigation.

IDCOL said the solar irrigation system can't only reduce carbon emission but can save millions in foreign currency.

Given the immense potential of the solar irrigation, the IDCOL Programme aims to replace diesel-based systems with solar irrigation pumps in off-grid areas where there are possibilities to produce three types of crops throughout the year.

IDCOL has put in place arrangements to engage private sector sponsors such as private limited companies, microfinance institutions, and NGOs in the programme.

The private sector investor needs to invest only 15 percent of the project cost as equity and IDCOL provides the rest 50 percent as grant and 35 percent as soft loan with an interest rate of only 6 percent and 10 years as tenure.

PHP brings in Bangladesh's first green vessel to scrap

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The Hong Kong Convention aims at ensuring that ships, when being recycled, do not pose any health and environmental risk. It also provides ship recycling plans, which ship breakers should follow to avoid such risks.

PHP's yard is the first in Bangladesh to achieve a green certificate, which is given when a yard complies with certain standards set with inputs from International Maritime Organisation's member states and non-governmental organisations.

PHP got the vessel at a discounted rate, which helped the company save around Tk 15 crore thanks to the yard's green certificate, Islam said.

"The ship will be recycled in the yard complying with the environmental standards set under the Hong Kong Convention."

If any yard compliant with the convention cannot fulfil these requirements, its certificate will be cancelled, he said.

"PHP ship breaking yard has already invested Tk 35 crore to comply with the standards set by the convention," Islam said. PHP has to spend Tk 20 crore more in the next one year to maintain its current standard of scrapping green vessels, he said.

Currently, the company has the capacity to scrap and recycle vessels weighing around 1.5 lakh tonnes. If the standards are maintained on time, the capacity will reach up to four lakh tonnes, he said.